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The Reformer

Sen. John McCain's plans for the federal government are sweeping and broad, but achieving them will require sustained attention to the nitty-gritty.

It's 2013, at the end of President John McCain's first term. Federal employees are more accountable and productive. Voluntary national service has grown in popularity. The Washington spending binge is over and earmarks are a thing of the past. Federal procurement practices have been reformed and every government program has been reviewed for effectiveness, yielding great spending reductions. That's candidate John McCain's vision, anyway. But federal management observers and career civil servants might be more likely to raise a skeptical eyebrow than dash enthusiastically to the polls.

For the first time in history, voters will choose one of two sitting senators to become the next president of the United States - and that creates a special kind of trepidation for those in the executive branch. "Neither candidate is a real manager; they're both U.S. senators," says Jonathan Breul, who is executive director of the IBM Center for The Business of Government and was top career executive at the Office of Management and Budget in the last four administrations. "We're going to have an ex-U.S. senator as the next president, and the Senate is not quite the same as operating the executive branch and showing the leadership," Breul adds.

McCain's reputation as a reformer and maverick in the Senate is well-established, and on the campaign trail he has outlined some bold goals for government. Some observers say rolling out wonky government reform positions during election season - usually politically risky - might jibe with his campaign persona. "McCain is especially well-suited to present himself as a reformer, and in that sense, to talk about some of the problems we confront as problems of failing institutions," says Yuval Levin, a fellow at the Ethics and Public Policy Center and former member of the White House domestic policy staff. "He sees himself as confronting a challenge of governance, confronting a challenge of run-



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ning things well, so he is certainly alert to questions of management and organization in that sense."

McCain's penchant for reform likely would influence his management style, perhaps even leading to a shift in the role of key agencies, such as the Office of Management and Budget. "He's probably not moved by any kind of particular theory of management or organization, but is moved by a kind of outrage at the abuse of power or wasting of federal money," Levin says. "So I think there is a way that he might unleash OMB in certain respects to police the federal bureaucracy in ways they've probably wanted to and haven't in the past few administrations."

REFORM SCHOOL

McCain likely would turn away from the "Jack Welch-General Electric-Harvard Busi-

ness School management style" that the Bush administration followed with checklists and score cards, says Jon Desenberg, senior policy director at the Performance Institute, a think tank and training center devoted to government workforce issues.

"I don't see any evidence that that's his style. I think he'll be a little more hands-on, which may mean a little less structure, a little less of a checklist kind of approach on these issues. There are some people who would tell you that's not necessarily a bad thing . . . some say they're doing the management things they're doing just to satisfy OMB's checklists."

McCain has said repeatedly that, if elected president, he would freeze discretionary spending until the administration performed "top-to-bottom reviews of all federal programs to weed out failing ones." To some, this sounds very similar to a certain Bush administration initiative: the Program

Assessment Rating Tool. And while McCain has attempted to distance himself from Bush on the campaign trail, Desenberg and Breul note that McCain might benefit from incorporating elements of PART into any program reviews he undertakes, especially early in his administration.

"We're expecting that there would be something in place à la PART," Desenberg says. "It won't be called PART, and we think there needs to be some changes, but something along those lines." Breul agrees, saying he would expect a McCain administration to capitalize on the mechanisms that have been put in place. "They certainly wouldn't start from scratch, there's too much data and experience [with PART] to discard it," he says. "It gives you an enormous head start."

Douglas Holtz-Eakin, McCain's top economic policy adviser, says the program review absolutely would build off the rating tool. "The PART, even given its relatively short track record, provides a lot of useful information. . . . You've got to start somewhere, [and] that's a good place."

The top-to-bottom review could be conducted in six to nine months, Holtz-Eakin says. "You certainly would want to do it in as rapid a fashion as possible so you could get back to the business of passing appropriations bills in regular order, on time, and not the continued spectacle we're seeing, for example, this year."

As a senator serving his fourth term in office, McCain might be better positioned than Bush was to ensure Congress values his management reviews as budgetary tools. "PART and the [President's Management Agenda] were kind of rolled out and Congress was just kind of told, 'This is the tool we're going to use and this is how we're going to use it,'" Desenberg says. "Today that's not going to work; you need upfront cooperation and to design some kind of review mechanism with Congress that would bring them into the process."

Breul, who was instrumental in implementing the President's Management Agenda, says he doesn't expect to see a McCain version of the initiative - and wouldn't want to.

"You can't talk about, as some have, PMA 44 as if the 44th president is going to have their own management agenda," Breul says. "That was too within the government, too within the old problems and, arguably - thank goodness because we had those kinds of classic problems - front and center when the administration came in eight years ago. Those are not the front and center problems right now. It's a different set."

While the fate of many Bush administration priorities is up in the air, Desenberg is confident about at least one. "You can expect the complete end of competitive sourcing, at least for the next few years," he says. "The tide has completely turned on that one." The Bush administration pushed competitive sourcing - conducting public-private competitions for government activities - as part of the President's Management Agenda, but the initiative has faced major congressional resistance in the past few years. Several House and Senate committees have passed moratoriums on the competitions as provisions included in fiscal 2009 appropriations bills.

MILITARY MAN

His high-profile military service and position as ranking member of the Senate Armed Services Committee allow McCain to claim a degree of expertise on military issues. Most of his discussions on government management and procurement focus on defense and intelligence.

The Arizona Republican has pledged repeatedly to bolster the Army and Marines if elected to the White House, saying he would increase the planned expansion of those services from 750,000 to 900,000 people. He has failed, however, to elaborate much on that proposal beyond saying the "enhanced recruitment" would cost "real money, some \$15 billion annually," during a July 2007 speech in New Hampshire before the Concord Chamber of Commerce. He said at the same event that the personnel ramp up "will not require a draft any more than similar levels did in the 1980s."

While vowing to build up the size of the armed forces, McCain has railed against

the ballooning contracts that supply those forces with weapons and services. Desenberg believes that McCain would have a singular ability to affect how the Defense Department does business. "You know that saying, 'Only Nixon could go to China?' Well, hopefully, only McCain can stand up to DoD and the intelligence area and say, 'Enough's enough; we can't just starve the rest of the government completely without some accountability on your part,'" says Desenberg.

In an address to the Oklahoma legislature in May 2007, McCain said the federal purchasing system needs reform.

"We are at war. Our servicemen and women who risk their lives for us deserve a procurement system that is lean, agile and efficient, not a system that is ponderous, ineffective and susceptible to mismanagement and even corruption," said McCain. "Every dollar we waste on unnecessary or too costly weapons is a dollar less for the men and women who stand a post for us in harm's way."

McCain sees poorly defined and ever-changing requirements, scheduling and cost overruns, and a lack of accountability for recurring failures as plaguing complex procurements. He has placed blame across the board, saying the broken system "is the product of members of Congress who are more concerned with their re-election than national security, bureaucrats who place individual and parochial service priorities above national defense priorities, and defense contractors more concerned with winning the next contract than performing on the current one."

While chastising all parties for procurement failures, McCain has come out strongly in favor of a controversial contracting proposal: expanding the use of fixed-price contracts. Using such contracts, particularly for the acquisition of major weapons or information technology systems or services, would be a major change, but McCain says it is a necessary one to encourage companies to keep down costs.

"When a company delivers the promised products and controls costs, it should be

rewarded. When it doesn't, it must pay the price in its bottom line," McCain said in the same 2007 speech before the Oklahoma legislature.

Stan Soloway, president and chief executive officer of the Professional Services Council, a contractor association, is skeptical that more fixed-price contracts would save money and says they could shift risks unfairly to the contractor, particularly as requirements remain unstable. "There was a famous executive named Norm Augustine who once said, 'Fixed-price development is a strategy on which our record is unblemished by success,'" Soloway says. "It's something we can't blithely assume can work and will work on major weapons systems."

McCain has played a front and center role in key contracting debates, including heading the investigation that led the Air Force to re-compete its aerial refueling tanker contract after an initial award to Boeing Co. Lawmakers used the tanker award as an opportunity to argue for or against reserving these types of awards for U.S. companies, but McCain says his actions were aimed at promoting fair and open competition on the contract, not expressing a preference for American companies over foreign ones. In fact, McCain has often fought "Buy American" provisions, equating them to earmarks.

"Legislation restricting the [Defense] department's purchases along those lines tends to direct spending for the benefit of a particular entity or congressional district," he said in a statement released by his Senate office late last year on the 2008 Defense authorization bill markup. With such provisions, Congress "may have further opened the door for more pork legislation in the future," McCain added.

His career-long focus on government openness and transparency offers a preview of another possible administration priority. In addition to cracking down on earmarks, McCain's administration likely would make comprehensive agency spending information more readily available. Holtz-Eakin says one of the top government initiatives of the Republican nominee would be "cleaning up ethical

standards" by ensuring that agency meetings with lobbyists are disclosed and that inspectors general have direct access to heads of agencies. McCain has promised to make "every aspect of government purchases and performance transparent. Information on every step of contracts and grants will be posted on the Internet in plain and simple English. We're not going to hide anything behind accounting tricks and bureaucratic double talk that a linguist with a Ph.D. in accounting couldn't decipher," he said during the May 2007 speech in Oklahoma.

Holtz-Eakin believes this type of transparency will motivate contractors: "Putting every step on the Internet and making sure people can see what's going on so . . . experts have access to what was called for, what was delivered and how effective the contracts have been. That kind of pressure I think will improve performance, regardless of the specifics of the contract."

But McCain doesn't have a monopoly on transparency. In June, he co-sponsored legislation to expand the information available in the USAspending.gov database of federal contracts and grants. The legislation was introduced by Sen. Tom Coburn, R-Okla., and McCain's White House rival, Sen. Barack Obama, D-Ill.

THE BEST AND THE BRIGHTEST

McCain has pledged to attract the best and the brightest to government, both at the beginning and end of their careers. He has committed to devoting the resources necessary to recruiting young public servants, calling the looming federal retirement wave "an opportunity to reorganize the entire federal workforce."

This recruitment push would require that government pay scales be competitive with the private sector and that federal employees have the technology necessary to do their jobs, with the goal of making government smaller and less expensive, McCain has said.

Holtz-Eakin says McCain would use information technology to streamline the civil

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service. "Information sharing itself should allow the government to do what a lot of the private sector did in the '80s and '90s, which is move out of the middle a set of managers that were just passing along information and focus more heavily on boots on the ground, retail level and strong strategic appointments at the top."

McCain himself has said the retirement wave should be viewed as an opportunity to streamline government, and agencies should "target replacements judiciously" and "change government to make it smaller."

Those sentiments and his blunt re-marks about employees' accountability during the May 2007 Oklahoma speech could ruffle the feathers of some within the career civil service.

Government has "mutated into a no-accountability zone, where employment is treated as an entitlement, good performance as an option and accountability as someone else's problem," McCain said. He noted that federal employees must understand that if they don't do their jobs correctly, they will lose them, adding that good workers must not be "crippled by the fine print of the latest union contract."

It's not surprising that the two largest federal employees unions — the American Federation of Government Employees and the National Treasury Employees Union — have endorsed Obama.

McCain also has expressed his distaste for the growing number of political appointees in government and the way in which positions are filled, stressing the need for a competent, rather than a politically well-connected workforce. Opinions differ, however, on how realistic it is for a candidate to turn away from the patronage system.

"I think it's basically unavoidable when you're the president [to give high-ranking jobs to people who have supported you], but there may be a way in which he would seek to show some independence of that and find experts rather than the politically best-connected," Levin says. "But every president wants to say that, and I think every president probably genuinely means that, but in the end there's a certain logic to political appointments."

Holtz-Eakin adds: "He's looking for integrity, looking for those who share his value, which is, we need to reform Washington to work for the American people and restore their trust in government. He's going to look for experience in those areas and proven management ability."

Frank Keating, a former Republican governor of Oklahoma, co-chair of McCain's Catholic Outreach Committee and a senior appointee in both the Reagan and George H.W. Bush administrations, says McCain is committed to surrounding himself with the smartest and most competent leaders regardless of party affiliation. "I think he can see that one of the shortcomings

of the Bush administration has been that sprinkled among highly gifted and very capable executives, there have been a lot of advance people, political operatives. That has not helped."

Desenberg says he would expect to see slightly fewer appointees from a McCain presidency than there have been under Bush. "He will put in exactly the number necessary to do the job and no more," Holtz-Eakin says.

Max Stier, president and CEO of the Partnership for Public Service, says McCain's senior leadership on key Senate committees could put him in a unique position - regardless of whether he is elected president - to avoid a leadership gap that could leave the country vulnerable to attack. Stier says transition periods are attractive times for terrorist attacks, in part, because hundreds of political positions remain unfilled for months. By working with Senate leaders as a senator or president to ensure the confirmation process goes smoothly before Election Day, McCain could expedite and ease the transition.

"McCain, in his position at the Armed Services Committee, frankly one of the key committee positions for addressing these national security confirmations . . . does have an opportunity to work with [Chairman Sen. Carl Levin, D-Mich.] to work through a process that will enable both campaigns to have their key people in place immediately following inauguration," he says.

THE MAVERICK MANAGER?

Those hoping for insight into the type of manager McCain might be as president must turn to his military and congressional experience and his approach to political campaigns. Breul, of IBM's Business of Government practice, says McCain's military background might have given him the foundation he needs to juggle the demands of the presidency. "Operating in that world and understanding the pathologies, the points of leverage and frustration in such an organization, is an experience he has that's certainly going to count greatly," he says.

Dan Schnur, communications director during McCain's 2000 campaign, says McCain "as a manager encourages innovation and flexibility and creates a very entrepreneurial culture." He also dismissed concerns about McCain's temper: "Like Bill Clinton and like Ronald Reagan and a lot of other politicians, John McCain has a temper. But my experience is that when he needs to keep that temper under control, he's perfectly capable of doing so."

Keating, who notes that he has never seen McCain display a bad temper, says the fact that so many of the senator's long-term colleagues support him indicates that any outbursts might have been a result of righteous outrage. "Someone who does get his red up if silliness or incompetence is in front of them, I think, is appropriate. If he has a temper, I wouldn't mind more people having a slice of that temper who will not tolerate incompetence or foolishness," he says.